INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA
General President

25 Louisiana Avenue, NW
Washington, DC 20001

KEN HALL
General Secretary-Treasurer

202.624.6800
www.teamster.org

July 2021

The Hon. Ms. Allison Herron Lee
Commissioner
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Commissioner Lee:

The International Brotherhood of Teamsters is pleased to provide input in response to your invitation for comment on climate change disclosures. The Teamsters union represents over 1.4 million members across almost every major industry and economic sector in the United States. Collectively, Teamster affiliated pension and benefits funds have more than $100 billion invested in the capital markets, including long-term holdings in practically every publicly traded equity in the United States. Our Capital Strategies Department actively works to promote the Environmental, Social and Governance (ESG) performance of portfolio companies through engagement, shareholder proposals, and direct Vote No campaigns.

While we welcome the Commission's decision to provide investors with the opportunity to share views on the critically important matter of climate change and climate related disclosures, we believe this issue cannot be divorced from other important ESG-related disclosures, a matter that is appropriately raised in Question 15 of the SEC's request for comment. Specifically, it is vital that enhancements to climate-related disclosures are made in concert with improvements to the material information provided to shareholders on a company's human capital management practices.

Any effort to direct financial disclosures to address the profound challenges of climate change must also consider the central issue of a "just transition." As the International Labor Organization (ILO) explains, "a just transition for all towards an environmentally sustainable economy…needs to be well managed and contribute to the goals of decent work for all, social inclusion and the eradication of poverty."[1] In short, this is a multi-dimensional problem, which cannot be tackled by a single-sided approach. Without requiring the disclosure demanded by a "just transition," the SEC risks unwittingly distorting the capital market's response to the challenge of climate change.

More specifically, an issuer's climate strategy does not operate in a vacuum but depends on skilled workers for its execution. Assessing the credibility – both underlying the motives and sustainability – of a company's climate strategy requires a thorough understanding of the company's human capital management practices. For a start, a green-tech company, such as one engaged in electric vehicles, cannot be expected to live up to its billing if it is unable to attract and retain the appropriately skilled workforce. More importantly, the failure to map climate initiatives on to workforce dynamics can lead to less desirable outcomes – both socially and environmentally.

For instance, efforts to improve carbon emission at the nation's ports, particularly in California, have run up against the human capital management practices of trucking companies that are predominantly structured around the misclassification of drivers as independent contractors.[2] In response to an initial effort to improve emissions at ports in southern California a decade ago, the major trucking companies used predatory lease-to-own programs that pushed the high costs of acquiring new, more fuel-efficient trucks on to independent contractors. The result, captured by an award winning investigation by USA Today in 2017, where drivers were "forced into debt…worked past exhaustion … and left with nothing."[3] This is not only a cautionary tale of a very 'unjust transition' that the SEC could unintentionally encourage by single-sided disclosure to a multi-sided problem, but demonstrates that without human capital management disclosure, the credibility (and sustainability) of the climate initiatives put forward by trucking companies, and the major retailers that use them, cannot be credibly assessed.[4] This is a concern that speaks loudly to the climate credentials of the many other business models that rely on legions of independent contractors to perform services or deliver products.

With much of the ride-hailing industry increasingly at risk of misclassification, wage theft and other forms of worker exploitation for instance, it is impossible, without adequate human capital management disclosure, to gauge the feasibility of corporate pledges to

---

[1] https://www.ilo.org/wcmsp5/groups/public/---ed_emp/--emp_ent/documents/publication/wcms_432859.pdf

[2] "Editorial: L.A. needs to clean up its ports, but truck divers shouldn't have to pay for it all," *Los Angeles Times*, June 23, 2017.

[3] "Rigged," Brett Murphy, *USA Today*, June 16, 2017.

[4] "Retail giants enabled trucker exploitation," *USA Today*, June 30, 2017.

green their industry. How does a ride-hailing company's pledge to offer rides only in electric vehicles by 2030 mesh with the reliance on an independent contractor model that not only places much of the financial and operational burden on so-called "independent" drivers but is facing growing political, regulatory and legal risk? In fact, purported climate strategies that lack a credible human capital management foundation can often be little more than exercises in '[green washing](#).'[5]

Accordingly, as members of the Human Capital Management Coalition, we urge the Commission to adopt the recommendations of the HCMC's petition for rulemaking on human capital management disclosure.[6] This calls for consistent, quantitative disclosure on workforce demographics, such as full-time employees verses independent contractors; workforce stability, including voluntary and involuntary turnover; workforce composition, including diversity and pay equity; and, workforce culture and empowerment, such as work-life initiatives and union representation.

Further, we support the workforce just transition disclosure framework for climate change proposed by the AFL-CIO in its comment letter dated June 14, 2021, which includes items such as "What percentage of the company's workforce is classified as employees versus independent contractors as defined by state ABC tests for employment status;" and "Does the company have a business plan for workforce retention and redeployment of workers whose jobs are being eliminated in response to climate change."[7]

For further information or discussion, you may contact Carin Zelenko, Director of Capital Strategies, at: [redacted].

Sincerely,

Ken Hall

Ken Hall
General Secretary-Treasurer

KH/cz

---

[5] "Are Hotel Greening Programs Hurting House Keepers," *Sierra, The Magazine of the Sierra Club*, Jan. 12, 2020.
[6] https://www.sec.gov/rules/petitions/2017/petn4-711.pdf.
[7] https://www.sec.gov/comments/climate-disclosure/cll12-8914386-244692.pdf.